

STATEMENT OF
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BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
ENERGY & COMMERCE COMMITTEE

NO TIME TO WASTE:
SOLUTIONS FOR AMERICA'S BROKEN RECYCLING SYSTEM

JUNE 30, 2022

Good morning Chairman Tonko, Chairman Pallone and Ranking Members McMorris-Rogers and McKinley and Members of the United States House of Representatives Energy and Commerce Committee.

My name is Billy Johnson, and I am the Chief Lobbyist for the Institute of Scrap Recycling Industries, Inc. (ISRI). It is an honor to be before you today to discuss – from the recycler's perspective - the important role of recycling as well as some of the challenges the industry faces.

Introduction

Recycling is essential to the U.S. economy, the global manufacturing supply chain, and a vital solution to help combat climate change and build environmental equity. Recycling helps fight climate change by providing alternative materials used by manufacturers as a replacement for "virgin" material, thereby lowering energy consumption and CO₂ emissions. Recycled commodities annually save the equivalent of nearly 400 million tons of carbon dioxide -- equal to the energy use of 48 million homes for one year. Plus, recycled metals, paper, plastics, and other recyclable commodities feed U.S. manufacturing operations that produce the rebar, wiring, tubing, packaging, and other key materials that are needed for everything from construction of roads and bridges to new hospitals.

Whether called “scrap, “recyclable materials”, “recyclables” or “secondary materials,” these are valuable commodities sold and sought after in the global marketplace by industrial consumers – including steel mills, metal refiners, foundries, paper mills, plastic formulators and others – for the manufacture of new consumer and industrial products. The Bureau of International Recycling (BIR) estimates that more than 40% of manufacturers’ raw material needs around the world are met through the recycling of obsolete, off-spec, and end-of-life products and materials.

Successful Recycling

While these impressive numbers tell the story of a strong and resilient U.S. recycling industry, it is not one without challenges in key segments of the industry. To understand those challenges, it is important to first understand the interwoven segments of the recycling industry and what makes for successful recycling:

First – Regardless of whether it is residential, industrial or commercial, successful recycling requires market demand. If there is no end market to utilize or consume the recyclable materials that are collected and processed, those materials will not be used again in manufacturing to make new products, despite the volume of material collected. And collection without market consumption is simply not recycling. Therefore, growing sustainable markets is critical for there to be successful recycling.

Second – Successful recycling requires minimal contamination as recyclables are products sold by specification grade, with their corresponding value and marketability directly related to their quality. These specifications are derived from many sectors of the recycling industry including materials recovery facilities, metals, paper stock, plastics, glass, and electronics industries and are constructed to represent the quality or composition of the materials bought and sold in the industry. The ISRI specifications are internationally accepted and are used throughout the world to trade the various commodities.

been responsible for fires at electronics recycling and are being reported more often at material recycling facilities or MRFs. Additional awareness is needed to prevent these batteries from entering the residential recycling streams.

Residential Recycling – What makes the residential stream so challenging is that while it is subject to the same demand driven end markets as commercial and industrial recycling, it is saddled with an ever changing and heterogeneous mix of materials on the supply side and that collected material flows into the stream whether there is a market for it or not. However, if there is no ready market demand for these materials, these materials are often landfilled, incinerated or combusted for energy.

Specifically, the residential recycling plastics stream includes containers from food, beverages and household products. When recycled, these plastics provide enormous environmental benefits compared with their virgin counterparts. For example, composite lumber made from recycled plastic bags conserves trees and reduces the need for hazardous wood-treatment chemicals. Using recycled plastics in manufacturing also saves up to 88% of the energy needed to produce plastics from virgin materials. This sets the residential recycling infrastructure apart from commercial and industrial recycling in the U.S., and that is why it demands a unique approach.

However, because of the visibility of the challenges being experienced in the residential recycling sector, we have seen a growing loss of confidence in recycling on the part of the general public, which is of great concern to all of us in the recycling industry – not just for our operations here but for our participation in the global marketplace and our leadership in reducing greenhouse emissions.

First – Recycling Does Work . . . although it is not without challenges. Our country's recycling infrastructure processes more than 130 million tons of recyclables annually, representing \$110 billion annually in economic activity within the U.S.

The ***first pressure point*** is right before the material enters the residential recycling stream, when the decision is made whether to put an item in the bin and in what condition to do so, and where education efforts can play an important role.

The ***second pressure point*** is between the municipality and the MRF, where there is a need for contracting policies and procedures that provide flexibility for market fluctuations so as to minimize material flow disruptions.

The ***third pressure point*** is processing, where – despite investments that are already being made - there is a need for additional upgrading of equipment and facilities, and for workforce development initiatives.

The ***fourth pressure point*** is at the point following processing, when the recyclables enter the endmarket. We need market development efforts that will create new and expanded uses for the specific materials that are found in the residential stream, which will lead to more stable and balanced markets.

Therefore, it is critical that all stakeholders work together to develop a common understanding of the weaknesses affecting the residential stream, and then work together to develop a menu of solutions since many challenges stem from products that were not designed for recycling such as those made from multiple polymers or incompatible manufacturing methods and the consumer is not aware or confident in whether their recycling decisions are correct.

Policy Solutions

Strengthening Domestic Recycling and Market Development – ISRI supports initiatives and incentives designed to strengthen domestic residential recycling and markets utilizing policies such as :

- Commitments to use recycled materials in state and local transportation and infrastructure projects;

Provide Recycling to Underserved Communities – The Recycling Infrastructure Accessibility Act (RIAA) is aimed at addressing barriers to economically depressed and underserved communities in accessing recycling services through innovative strategies and approaches based on the unique needs of each community.

Encouraging Recycling Activities – ISRI supports policies that will encourage the collection, processing and end-market development for recyclable materials. As long as there is a party for public and private recyclers, ISRI supports recovery and recycling through policies such as:

- Business financial assistance programs;
- Recycling-specific technical and financial assistance; and
- Grants, loans, and tax incentives for new innovation.

Extended Producer Responsibility – We recognize there are certain materials and consumer products entering the residential recycling stream for which commodity markets do not currently exist, or the markets may be regional in nature and not be economically viable at the point of collection. There are also some packaging materials for which no technological process has been developed to process them. Furthermore, there are a number of recycling programs driven by government mandates or sustainability goals that are not supported solely by market values, and certain materials that were previously economical to recycle may no longer have viable end markets due to major changes in global commodity markets. These conditions often result or create items that are difficult to recycle.

While ISRI acknowledges that the concept of extended producer responsibility is being considered at the federal and state governmental levels, we do not support those product stewardship policies that disrupt the current recycling infrastructure that either target, include, or disrupt the recycling of materials or products that are being successfully recycled and consumed in existing markets.